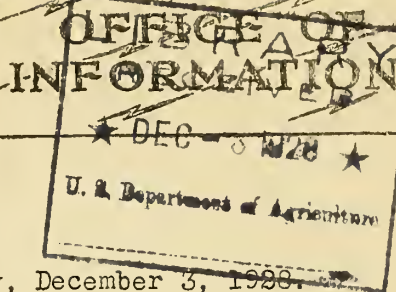


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THE AGRICULTURAL SITUATION REVIEW

Monday, December 3, 1928
or later.

(NOT FOR PUBLICATION)

ANNOUNCEMENT: Now comes the time for taking stock of the past year's operations in farming as well as in other businesses, and for taking a glance at future prospects in the light of past experience. The Agricultural Situation Report of the Bureau of Agricultural Economics in the United States Department of Agriculture, gives an excellent summary of the crop producing season just past, so we present today a review of this report giving the radio audience, briefly, the high-lights in the present farming situation the country over. This report brings together for you facts that have been gathered by thousands of government workers and tens of thousands of volunteer helpers.

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"Another productive season."

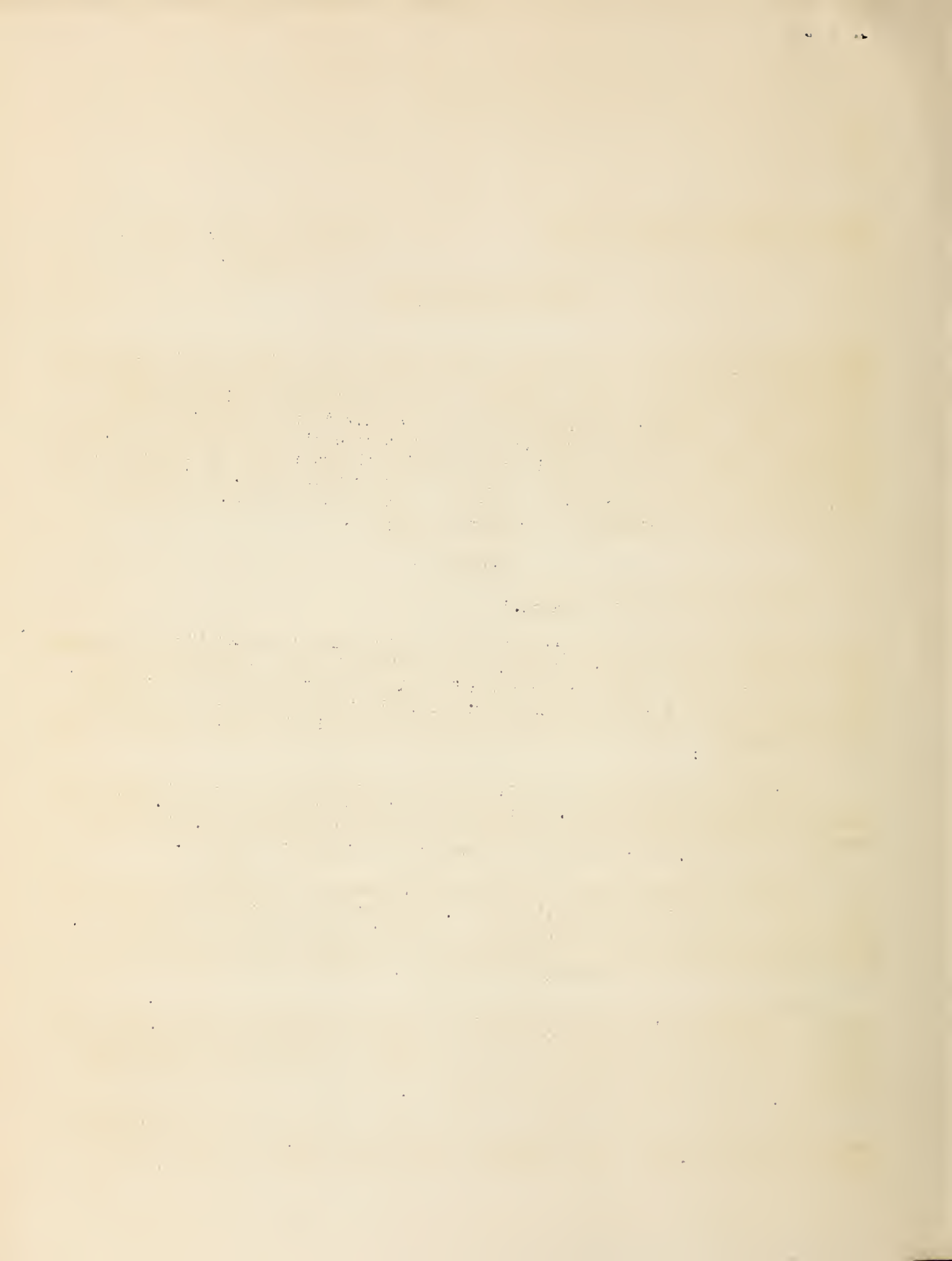
That is the way the Little Blue Book of the Bureau of Agricultural Economics concisely states the outstanding fact of the 1928 farm year. This Little Blue Book -- it's a monthly report entitled "The Agricultural Situation" -- amplifies that statement with a brief general summary, picking out the salient points in the record of the year as they show up toward the end of the harvest season. Here is that summary:

"Except for some cotton still to be picked and some corn to be husked, the field work for 1928 is ended. More land was in crops than last year. Yields per acre were slightly better than last year and better than average. Total crop production was 7.6 per cent above the average of the last 10 years.

"Though crop production has increased, the number of mouths to be fed in this country has increased still faster. Per capita of the whole population, the crop output this year was one-half of one per cent below the 10-year average. Agricultural expansion must be tempered by the recollection that population is not increasing at as fast a rate as formerly.

"Inevitably, some of the important crops were larger than average and some smaller. Potatoes, for instance, represent a case of overproduction. Last spring it was freely predicted that if the acreage of potatoes was substantially increased and if growing conditions proved favorable, the crop would break the market. All three events have come to pass.

"Hard winter and durum wheats, oats, barley, peanuts, and grain sorghums are large crops. Cotton, hay, buckwheat, flax, sweet potatoes, tobacco, and apples are about average crops. Cabbage and onions are short crops.



"The corn crop is estimated at about 120,000,000 bushels more than last year, a better distributed crop of higher quality, the ears better filled and holding less moisture. The eastern Corn Belt has a much better crop than last year, fully a third more, while the South has around 14 per cent less corn. The carry-over of 1927 corn was practically exhausted by last month, so that, all told, we have not a great deal more corn on hand now than a year ago.

"At this time of year, it is the marketing problem which looms large. Early this fall, wheat moved into the principal markets in such volume as to pre-empt a large part of available elevator and storage space. Had a corresponding volume of corn gone to market last month, there might have been some costly congestion. But rains early in November held back the corn. It will certainly be to the advantage of corn growers not to crowd the terminal storage space too hard, for the corn market this season needs all the stability that can be derived from orderly marketing and otherwise.

"The potential demand for corn appears to be about as great as last season. There are fewer hogs but more cattle on feed, and relative prices favor heavy feeding of both hogs and cattle. A fourth more feeder cattle were shipped into the Corn Belt, through public stockyards, during July-October this year than last. Most of this increase went into feed lots west of the Mississippi. During those same four months, also, a few more lambs were shipped into the Corn Belt than last year, though it appears that the West as a whole will feed rather fewer lambs this winter.

"The livestock industries have been a large factor in sustaining the general price level of farm products this fall. However, the index of unit purchasing power of all farm products, in terms of things farmers buy, dropped off two points to 88 for October, the five pre-war years being considered as 100."

In this year of abundant production of the main crops and of a strengthening situation for producers of livestock, the course of prices for products of field and feed lot is of special interest. The Department of Agriculture reports in "The Agricultural Situation" the average prices of farm products received by producers. This month's report covers the period from September 15 to October 15. In brief this survey shows the following:

Increases in market receipts of hogs were largely responsible for a decline of about 15 per cent in the farm price of hogs.

Heavier marketings of beef cattle likewise are held to account for a decline of approximately 3 per cent in farm prices of these animals.

Farm prices of corn declined sharply. The decline is placed at about 11 per cent in the North Central States, 9 per cent in the South Central States, 7 per cent in the South Atlantic States, and 3 per cent in the North Atlantic and Far Western divisions. These decreases took place in the face of indications of a slightly smaller corn crop than was anticipated in September. They were accompanied, the economists note, by reports that the 1928 corn crop was of higher than average merchantable quality. They point out further that the course of corn prices and the general situation with regard to corn is much the same this year as it was in 1925.

After a continued decline from May to September 15, the farm prices of wheat began to turn upward in October, advancing 5 per cent from September 15 to October 15. World conditions have a governing influence on wheat prices you know, so it is significant that October increases in farm prices for this crop were accompanied by indications of greater demand due to reports of short wheat crops in Russia, Turkey, and North China, and short corn crops in the Balkan countries.

The movement of stocker and feeder cattle into the Corn Belt during October this year was heavier than in the same month last year, but it fell off as compared with the heavy shipments during July, August and September this year. The stockers and feeders went into Corn Belt lots during October at prices nearly a fifth higher than in October last year and in the three preceeding months; cattle cost feeders nearly a third more than in 1927. "It does not seem likely that the movement of stockers and feeders into the Corn Belt during November and December will be as large as the comparatively heavy shipments during this period last year," says the report.

Considerable reductions in the number of cattle fed in Western States this winter are indicated by reports to the Department. The winter range appears to be poorer than average west of the Continental Divide; hay prices there are higher than a year ago. These facts, along with the high level of feeder cattle prices are expected to discourage feeding in most Western States.

Contrasting with the increased October demand in the Corn Belt for feeding cattle, was a rather sharp dropping-off in demand for feeder lambs during October of this year, as a result prices of feeder lambs were lower. Reports from both Corn Belt and Western States point to some decrease in feeding of lambs this winter as compared to last winter.

Good news for dairymen is contained in the report summarized in the December "Agricultural Situation." "All dairy products in a fairly strong position at the immediate moment," say the dairy markets specialists. They point to evidence of the firmer condition in the fluid milk market in one important area -- that around Philadelphia -- where it has been announced all milk for November and December will be bought at basic fluid milk prices. Butter markets are still sensitive, however, even though the tone of the market is decidedly steadier now than it was in October. "Current gossip (in the butter markets) indicates that much of an increase over present butter prices in December is beyond the expectation of market traders," comment the specialists. Cheese prices are gradually working upward after severe declines in September and October.

Farmers who sell eggs are finding this year, even more than in previous seasons, that quality pays. This is due to the fact that the percentage of high quality eggs coming to market this year is quite a bit smaller than in previous months. The markets are weak on undergrade fresh eggs and all grades of stored eggs, but the storage egg situation may improve because the supplies of such eggs are growing smaller. Smaller egg receipts during November this year than in the same month last year tend to confirm recent reports of smaller laying flocks on farms this fall.

The first reports from turkey dressing plants indicate that much of this year's turkey crop was not finished in time for the Thanksgiving trade. For this reason, it would seem that supplies for the Christmas market may be more ample. Prices of turkeys at dressing points prior to Thanksgiving were reported as favorable to the producers and fully as high as a year ago.

Another encouraging note is sounded in the recent report on farm real estate values. This states that "During the period March 1, 1927, to March 1, 1928, farm real estate values, averaged for the United States as a whole, showed the smallest decline recorded in any single year since the drastic post-war deflation set in. Values of improved farm land per acre declined by 2 per cent on the average during 1927 and early 1928, as compared with a decline of twice that figure registered between March 1, 1926, and March 1, 1927. As of March 1 this year the national average value per acre was 17 per cent above pre-war -- approximately the same level of values as prevailed in 1917."

Corn and Cotton Belt farm real estate continued to feel the major declines in values, although the drop slowed up as compared to the previous year. In some Western States, however, values hardened materially. In Montana and the Dakotas land values for the first time in many years tended toward comparative firmness. Iowa values showed the smallest decrease recorded since 1920.

In New England and the Middle Atlantic States little change in farm real estate values was shown; likewise on the Pacific Coast. In the eight states of the mountain group, values exhibited a reasonably stable trend.

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ANNOUNCEMENT: That concludes our monthly review of "The Agricultural Situation," published by the United States Department of Agriculture. The Department supplies us by special arrangement with a similar review on the first Monday of each month. Watch for the next one on Monday, January 7, 1929.

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